

Testimony of Michael Strand in Support of HB 27

Montana Independent Telecommunications Systems

Good afternoon, Mr. Chairman and members of the committee. My name is Michael Strand. I am the CEO and General Counsel for Montana Independent Telecommunications Systems. I represent telephone cooperatives and their wireline and cellular subsidiaries operating across Montana.

On behalf of our members we rise in support of HB 27. Our decision to do so was not without careful consideration. The proposed 50 cent increase is unquestionably a burden on families across Montana, many of whom are already struggling to make ends meet. We fully understand that this bill is also being heard in a political context. Our hope, however, is that despite the various forces at play, you find yourselves in the same place we found ourselves at the end of our analysis. We decided that the lives of our customers and of our loved ones were simply too important to leave much room for debate.

I hate to be redundant, but I want to make certain that no one on this committee is laboring under the same misconceptions that I find among many of my fellow Montanans. The "E" in E911 stands for "enhanced." This means that the system has the technology to locate you when you dial 911. Unfortunately wireless E911 in Montana is in its earliest infancy. When you pick up your cellular telephone and dial 911 today, with the exception of a tiny number of communities that I can count on one hand, the person answering that call CANNOT locate you unless you actually *tell* him or her where you are. So if you are having a heart attack or are choking and cannot speak or if you are four years old and do not know your address, or if you are a perfectly healthy and intelligent adult who has been driving for a couple of hours and frankly doesn't *know* where you are except to say that you are, say, "closer to Bozeman than Butte" your cell phone might as well be a rock for all the good it will do you in 99% of Montana. This happens more than you might think.

The 50 charge we are talking about is on each wireline line and each wireless line. The additional charge causes particular difficulty for wireline companies because the additional 50 cents puts upward pressure on their prices. This puts them at a disadvantage in a competitive marketplace with no offsetting benefit since the program supports *wireless* E911. However, the wireline companies recognize that wireless companies have been in that same position for some years now. The wireless companies have for many years been contributing to the wireline 911 fund from which they have derived little benefit.

Furthermore for us, the most persuasive analysis involved the demographic and geographic characteristics of our state. In a vast, sparsely populated state like Montana, particularly with its often inclement weather and frequently rugged terrain, the need for mobile access to emergency services is obvious. I know that when my wife and children

are out driving at night, especially in the snow, I don't want them to have to leave their car to get emergency assistance. I am sure they feel the same way about me during my frequent journeys down Highway 2 to visit my clients.

We believe that Montana's best chance of getting broader deployment of wireless E911 service is to defray at least a portion of the costs in deploying the service. These costs include both the costs to the wireless providers and the costs to the public safety answering points (PSAPs).

One point worth noting is that once a public safety answering point requests that a wireless provider provide wireless E911, the provider must do so within six months. However, there is no requirement that any business lose money. So what you will see in many parts of rural Montana if such requests start being made are analyses by rural wireless companies as to whether they can afford to stay in business without at least *some* financial support to defray a portion of the additional costs. The irony of course is that a request for enhanced 911 might in some cases result not only in the loss of even basic 911 but any wireless service whatsoever.

Our understanding is that the Montana Telecommunications Association (MTA) has offered an amendment to HB 27. The amendment would remove from the category of costs that may be recovered by wireless service providers any costs that could be recovered through rates.

In our opinion, this amendment effectively removes one of the main purposes of the bill. Virtually any cost *could* be recovered through rates. But if wireless providers wanted to raise their rates in order to deploy next generation E911 they would have done so already. Our understanding is that the amendment is based on an order from the FCC issued in 2000. However, our view of that order is simply that the FCC was allowing wireless E911 programs to go forward without state funding if possible. The FCC was certainly not forbidding state programs and indeed many states have established such programs since.

We are concerned that if this amendment is passed it will likely delay the deployment of wireless E911, particularly in rural Montana where the margins on wireless voice service are already quite slender. Therefore we ask that you recommend that HB 27 do pass as drafted.

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